

JOHN STAURULAKIS, INC.
TELECOMMUNICATIONS CONSULTANTS
6315 SEABROOK ROAD
SEABROOK, MARYLAND 20706

301-459-7590
FAX 301-577-5575

May 16, 1996

RECEIVED

MAY 16 1996

FEDERAL
OFFICE OF

Home Telephone Co., Inc.
P.O. Box 1194
Moncks Corner, South Carolina 29461

Secretary
Federal Communications Commission
1919 M Street, Room 222
Washington, D. C. 20554

DOCKET FILE COPY ORIGINAL

In the Matter of

Implementation of the Local Competition
Provisions in the Telecommunications Act
of 1996


CC Docket No. 96-98

Attention: Common Carrier Bureau

The accompanying comments, prepared by Home Telephone Company, Inc. (Company), are in response to the Notice of Proposed Rulemaking, released on April 19, 1996, in the above-referenced docket.

Any questions concerning this filing may be directed to the Company.

Sincerely,


Michael S. Fox
Director, Regulatory Affairs

on behalf of

No. of Copies rec'd
List ABCDE

H. Keith Oliver
Accounting Manager
Home Telephone Company, Inc.

Enclosures

cc: H. Keith Oliver, Home Telephone Company, Inc.
Janice Miles, Common Carrier Bureau, 1919 M Street, Room 544
International Transcription Services

RECEIVED

MAY 16 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)
)
Implementation of the Local Competition)
Provisions in the Telecommunications Act) CC Docket No. 96-98
of 1996)
)
)

Comments of Home Telephone Company, Inc.

H. Keith Oliver
Accounting Manager

Home Telephone Company, Inc.
200 Tram Street
Moncks Corner, SC 29461
(803) 761-9100

Date: May 16, 1996

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

**RECEIVED
MAY 16 1996**

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of

)
)
)
)
)
)

**Implementation of the Local Competition
Provisions in the Telecommunications Act
of 1996**

CC Docket No. 96-98

Summary

Home Telephone Company, Inc. is overwhelmed by the large number of extremely complicated issues raised by this Notice of Proposed Rulemaking ("NPRM"). However, we feel these issues are too important to be left only to those telecommunication companies large enough to employ "expert" staffs. Our filing is, in itself, a summary as we have not gone into detailed analysis of each issue. Quite honestly, a company our size lacks the resources to do so in the time limits allowed under this NPRM. Our main point, in this filing, is that the Commission should avoid the temptation of taking the easy approach of establishing a one-size-fits-all national set of rules for all companies. The Commission should defer to the individual states in matters involving rural local exchange carriers ("LECs"). It is impossible for the Commission, situated in Washington, D.C., to be able to respond to each and every local condition. The states and their regulatory bodies are better situated to understand and deal with the myriad of variables that exists in each unique rural LEC area.

The Commission should limit its rule making to those LECs not eligible for exemptions, suspensions, and modifications and leave the states to deal with the nation's vital rural communities.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

RECEIVED
MAY 16 1996
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)	
)	
Implementation of the Local Competition)	
Provisions in the Telecommunications Act)	CC Docket No. 96-98
of 1996)	
)	

Comments of Home Telephone Company, Inc.

Home Telephone Company, Inc. ("Home") wishes to file comments on FCC Docket No. 96-98.

This is an extremely broad, complicated docket. Home is very concerned that the FCC is trying to "eat the elephant whole" by issuing a Notice of Proposed Rulemaking ("NPRM") this extensive. We feel this approach slants the entire process to the favor of large telecommunications firms and high-paid telecommunication consultants or specialists. The only way smaller companies, such as ours, can effectively participate in the comment process is by dealing with individual, well defined issues. In effect, we must "eat the elephant" one bite at time. The intimidation posed by such a massive docket, effectively blocks most smaller companies from having a voice in these critical issues.

Within this context, we would like to offer several general comments on the NPRM as well as a few comments on what we feel, at this time, are the most critical issues facing small, rural local exchange companies ("LECs").

GENERAL COMMENTS

1. In general, the NPRM is overly preemptive of the individual states and the State commissions. We feel that these local bodies are best situated to deal with the unique circumstances present in each rural LEC's service area.

We urge the Commission to defer to the states in matters dealing with rural companies.

2. The Commission should issue individual NPRMs on the major issues such as interconnection, resale, unbundling, reciprocal compensation, negotiating processes, and other issues where exemptions, suspensions and modifications might be necessary for rural LECs.

3. The Commission must differentiate in the requirements that are to be imposed on the large LECs and those LECs classified as rural LECs in the Telecommunication Act of 1996 (the "Act"). Congress specifically anticipated such differentiation and the Commission should resist taking the easy path of one-size-fits-all regulations.

Specific areas on which Home would like to offer comment are as follows:

1. Scope of the Commission's Regulations

As stated earlier, Home is concerned that the Commission may go too far in seeking to establish "national rules" for the implementation of Section 251. The Commission should limit any such rule making to the large LECs. It appears clear that Congress recognized the inherent fallibility of attempts to establish "national rules" that would work in each and every locality. This is apparent, through their enactment of legislation which allows for exemptions, suspensions, and modification which could be granted by the states to those LECs who serve smaller, rural areas.

2. Duty to Negotiate in Good Faith

The Telecommunications Act of 1996 deals with the concept of competitive local service. In light of this, we feel the Act specifically contemplated only the filing of agreements negotiated as a result of the Act. To attempt to subject all previous agreements to these rules, including compelled renegotiation, threatens the foundation of extended area service ("EAS") and other jointly provided local services. If, carried to the full extent, it is our contention that these requirements could ultimately jeopardize universal service in many rural areas, especially those where extensive EAS or other such arrangements are in place.

3. Interconnection, Collocation, and Unbundled Elements

In establishing any interconnection rules, the Commission must consider the exemptions, suspensions, and modifications contemplated in the 1996 Telecommunications Act. It would be wholly inappropriate to attempt to require smaller LECs to offer the same level of unbundling or subject them to the same interconnection requirements of the large LEC.

As relates to paragraph 84 in the NPRM, dealing with the definition of "network elements," Home believes that it is critical to recognize that a reseller is only purchasing a service for resale. The underlying facility and its use to provide other services should not be included within the concept of resell. This point is critical for most smaller LECs. It is not uncommon for many small LECs to receive up to 75% of their total revenues from access. In addition, generally, less than 20% of the customer base will generate over 80% of the toll calls that give rise to the access revenue. If the Commission were to fail to distinguish between the service and the underlying facility, a reseller could easily displace over 60% of a small LEC's revenues by servicing less than 20% of the customers. Should this occur, service to the remaining 80% of local users would likely cease as revenues would not be sufficient to support continued local service to the remaining customers.

4. Rate Levels

The Commission should avoid any attempt to require small LECs to utilize any form of long run incremental cost ("LRIC") pricing methodology. This cost methodology may be appropriate for large LECs where a large, concentrated customer base provides opportunity for cost recovery. However, smaller LECs often have higher per unit cost and fewer sources from which to recover common and overhead costs. Rural LECs must be allowed to recover their embedded or historical costs. These costs should be included in any determination of a rural LEC's cost-based rates.

5. Resale Obligations

Home has not had the opportunity to fully digest this section of the NPRM, however, we recognize that resale will likely be one of the most important issues affecting rural LECs. As pointed out earlier, most small LECs receive a large share of total revenues from a small base of customers. When this fact is coupled with the knowledge that rural LECs' per-unit costs are likely higher and their customer base is spread over large geographical areas, it becomes apparent that resellers in a rural area are likely to only be interested in the largest, cheapest to serve customers. If resale rules are not carefully crafted to fit each rural LEC's specific situation, catastrophic failures in service are likely. The Commission should leave the rules and regulations related to resell in the rural markets to the states.

6. Reciprocal Compensation

The Commission should not attempt to mandate a national one-size-fits-all policy regarding reciprocal compensation. The payment of terminating transportation to non-

Home Telephone Company, Inc.
FCC 96-182, CC Docket No. 96-98
May 16, 1996

universal service providers must be recoverable from end users. To do otherwise would be to require an already under-priced local service rate to cover even higher costs. As with most other such issues, these considerations should be left to the states.

We appreciate the opportunity to present these comments and hope that the view point of a small rural LEC will be helpful in addressing this critical issue.

Respectfully submitted,

By: *H. Keith Oliver/S/NSR*

H. Keith Oliver
Accounting Manager
Home Telephone Company, Inc.
200 Tram Street
Moncks Corner, SC 29461
(803) 761-9100

May 16, 1996